



Concept Paper # 230

11/26/12

Name of document to be reviewed: REMI Software Upgrade

(Please check one item listed in the following two sections)

Document for review and approval:

- ☐ Request for Proposal (RFP)
- ☐ Request for Service (RFS)
- ☐ Request for Quote (RFQ)
- ☐ Invitation to Qualify

- ☒ Sole Source Procurement
- ☐ Statement of Work
- ☐ Staff Augmentation
- ☐ Master Agreement Purchase

NOTE: Sole source procurements will also need authorization from DAS Procurement for this type of purchase. Please also contact DAS Procurement at this location:

<http://das.gse.iowa.gov/procurement/solesource%202010.pdf>

Document for review only:

☐ Master Agreement

☐ Request for Information (RFI)

Agency:

RFP Reference #: TBD

Release Date: TBD

This project is requesting IOWAccess funds: Yes ☐ No ☒

NOTE: IOWAccess concept papers are to be sent to Wes Hunsberger (Wes.Hunsberger@iowa.gov) for an internal DAS review.

Projected cost over \$50,000? Yes ☒ No ☐

Projected agency staff hours over 750? Yes ☐ No ☒



Project Cost, Funds and Funding Source:

Please list the internal and external resources/costs for the purchase:

Internal Resources/Costs: Project is estimated to cost \$180,000 (includes maintenance for first six years).

External Resources/Costs:

Timelines: Request the product be purchased and installed by January 1, 2013.

Goal: Through the use of REMI software, create effective tax policies and economic development decisions based on data driven economic methodologies resulting in positive economic outcomes for the State of Iowa.

Background: The Iowa Department of Revenue Tax Research and Policy Analysis Section has purchased Regional Economic Model Inc.'s (REMI) software in the past to understand how major tax policy changes can impact the entire economy. REMI is sometimes called an "Econometric model," as the underlying equations and responses are estimated using advanced statistical techniques. The estimates are used to quantify the structural relationships in the model. The speed of economic responses is also estimated, since different adjustment periods will result in different policy recommendations and even different economic outcomes.

Expected Results:

What are the tangible and intangible benefits of this purchase for this agency and/or state government? The tangible benefit is the State owning a better tool for estimating the economic impacts of major tax changes and for evaluating the potential economic impact of economic development projects. Tax-PI is an upgrade to the REMI PI+ model to which the State already owns a license. The upgrade is a dynamic fiscal and economic impact component which captures the direct, indirect, and induced fiscal and economic effects of taxation and other policy changes over multiple years. By including detailed State budget information on both the tax and spending side, the upgrade improves the ability of the REMI model to forecast impacts of proposed changes to economic, tax, and spending policy on the State budget.

Can these benefits be quantified in financial terms? If yes, please explain.

No.

How will you be more effective as a result of this purchase?

Analysts use REMI's models to evaluate the effect of policy changes or economic event on the economy. Tax analysts value the dynamic behavioral responses built into the REMI model. Incorporating variables representing the entire range of potential taxes, REMI models demonstrate how firms, individuals, and the economy at large respond to changes in taxes and how tax revenue will respond to proposed changes in economic investment.

How will service to your customers be enhanced as a result of this purchase?

Forecasters and planners use the economic forecasts to predict economic and demographic changes far into the future. Users develop alternative forecasts within the models, providing different potential projections for the regional economy.



Tax changes may have a significant effect on economic activity. REMI is recognized for unbiased analysis of the economic implications of tax changes and business investment.

The Department of Revenue will be able to expand its role in providing support to the Economic Development Authority as it reviews potential economic development projects. The Department will also be able to provide better analysis for the Legislative Services Agency in the analysis of proposed tax changes during future Legislative Sessions.

Testing and Acceptance: This product has been tested and accepted successfully in the past and the expectation is that upgrade will satisfy IDR requirements.

Some of the Interested Parties: Iowa Department of Revenue, Department of Transportation, Iowa Economic Development Authority, and Legislative Services Agency.

Some of the Recipients of this Service: Iowa Department of Revenue Tax Research and Program Analysis Section and others as desired.

Standards: The REMI software is expected to comply with all federal and state tax regulations. We foresee no problems with security scans as the software will comply with current security standards.

Architecture:

The REMI software is compliant to run under the current IDR hardware and operating system architecture.

Business Continuity / Disaster Recovery: This system is not considered a critical system and can be restored using the recovery point objectives outlined in the DAS-ITE backup SLA and the COOP/COG plans.



Recommendations from the State CIO:

NOTE: Where applicable, all DAS GSE Procurement and IA Administrative Code 11-105 and 11-106 requirements and procedures are to be followed. Reference: <http://das.gse.iowa.gov/procurement/>, specifically: <http://das.gse.iowa.gov/procurement/adminrules/>.

Duplication recommendation from the State CIO to the DAS Director:

- a) Is there duplication within Government? *(Please identify duplication at the agency level, as well as within the enterprise)*
- b) Can an existing program be modified to address a new need?
- c) Do you have any similar program in existence?
- d) Have you sought IT procurements for similar programs in the past?
- e) Do you have purchasing documents for similar programs?
- f) Do you have similar purchasing documents that could be used as a starting point for this program?
- g) Is there anything you could provide that could assist the agency with this IT procurement?
- h) Are there alternatives available to the agencies?

Recommendation of the State CIO to the DAS Director:

Authorize this IT procurement Yes X No ____

Alternatives suggested by the State CIO
(see comments below) Yes ____ No X

Additional comments from the State CIO:

After reviewing the concept paper, the State CIO has recommended the approval of this IT procurement over \$50,000 by IDR. The sole source procurement review will need to be performed by DAS Procurement. The acting DAS-ITE COO is reviewing if there are potential effects on infrastructure and/or ITE resources given the date requested.

DAS Director's action:

Authorize this IT procurement Yes X No ____

The above IT procurement concept approved by Director Carroll on 11/27/12

(IT procurement over \$50,000 portion is approved, the sole source procurement will need a separate review by DAS Procurement)

Comments: **None.**